

REMARKS OF SENATOR HUBERT H. HUMPHREY

1975 Annual Conference of Mayors

Boston, Massachusetts

July 9, 1975

I am pleased that you invited me to your convention this year. You and I have a lot to think about. And we have a lot of tough decisions to make, and a lot of work to do. We are meeting this summer during the most chaotic economic times our nation has faced since the 1930's.

Our so-called "official" unemployment rate is over 9 per cent nationwide. But in large industrial cities like Detroit it is close to 25 per cent; for Black teenagers it is close to 50 per cent. And we have not even begun to count the disillusioned thousands who no longer seek work through the official employment agencies and thus are not counted.

Construction of public and private works and housing nearly has come to a halt. Last month the Administration announced with some satisfaction that housing starts were up to the same level as last September. But last September was the lowest point in housing starts in 25 years.

Prices are continuing to rise, especially oil, gas and heating fuel.

Interest rates remain at their all time high levels -- for businesses, for families, and for city governments.

Shortages have developed and will continue in essential industrial commodities because we've not faced up, as a nation, to the true costs of our way of life.

The combined effect of these dislocations has left our cities in desperate straits. During the 60's we looked at cities and sought to find ways to renew and rehabilitate housing and public facilities, and to encourage commercial and industrial development.

We passed and implemented a number of programs that were intended to ease the burden of governments caught in the middle between declining tax revenue and ever increasing demands for public services. We got started on these programs and we're beginning to make some headway.

And then came the Nixon Administration with its moratoriums, impoundments, inaction, dissembling and obstruction. So instead of getting better, things began to get worse. Today the direction in all of our cities is no secret to anyone.

As if this in itself weren't bad enough, we now have the added burden of a depressed economy.

I am the Chairman of the Joint Economic Committee of the Congress. Every month I hear our leading economists testify to the decline of our production, our consumption, our economic vigor. They recommend jobs, budget deficits, increased spending on capital formation, allocation of credit to ailing sectors of the economy, and tax cuts.

But their counsel has gone unheeded by the Executive Branch of government. According to the Administration we are at the bottom of the economic decline and soon will be on an upward trend. Well, we've heard that for 6 months now.

The Administration says it is not important to have a jobs bill unless we can solve all of our unemployment problems at one time and in one piece of legislation.

The bureaucrats in downtown Washington say we don't need assistance to the housing industry because 15 per cent of our population still can afford to buy single family homes.

And President Ford says it is essential that we raise the price of gas and oil, even though this will set off additional cost increases which city governments are ill-equipped to bear.

We are the victims of an economic policy that reduces our incomes while increasing our costs. We get less and less -- even after paying more and more.

Just when people are most in need of assistance, when cities are most in need of preservation and rehabilitation, the Administration puts on its blinders and says these are not our problems.

But they are our problems. And we'd better start recognizing them and doing something about them or one day we're going to wake up and find we're in big trouble.

Let's consider unemployment. For many years we lived with the notion that a rate of 4 per cent unemployment was just bearable in a free market economy. Anything less than that figure we were told, would bid up the price of labor.

On the other hand, a higher rate was not acceptable because of the waste of resources and loss of productivity it would create. Then, too, the impact of unemployment on so many individuals and families would be a trauma from which we wished to protect as many people as possible.

But more than one person in this Administration has said that unemployment is the price we must pay to avoid inflation. Any public official making such a statement should bow his head in shame.

This is a society in which self worth is defined by the job, by the life's work, and by the adequacy with which the work provides for the welfare of the worker and his family. If a person cannot provide for his family, cannot find a place in society that is useful and necessary, then his ability and will to be a productive, law abiding member of society is lost.

As Chairman of the Joint Economic Committee, a great deal of my time is devoted to the study of economic indicators. In this connection I have been struck by one unmistakable observation -- increases in crime are directly related to increases in unemployment.

The state of Michigan was the first to record increases in prison population. It is no coincidence that this also was the first state to be hard hit by drastic unemployment. It was reported that crime in Detroit was up 27.3 per cent in January over a year ago.

Unemployment also makes family life incredibly difficult. Unemployed people are under great stress. Despite their efforts, they cannot provide for their children or bring them up in a healthy way.

The bad feelings and inadequacies arising from having no job are taken out on children and wives. It is from families under stress that the children come who, time after time, appear in the criminal justice system; who show no remorse for their actions and who blame their victims for the savagery of their own crimes.

Unemployment is much more than a loss of income. It is much more than an increase in public costs of welfare. It is much more than an increase in public costs of law enforcement and criminal justice.

It is a condition which undermines the basic premise of our society -- that all citizens will respect the property and lives of others and abide by the rules. We cannot tolerate continued unemployment in this country.

Let's consider housing.

Housing is a basic commodity. A society is judged by the adequacy of the homes it provides for its citizens. And by this measure we in the United States have made a sorry record in the last few years.

The Joint Economic Committee asked the Library of Congress to study the availability of homes for middle income families. Its distressing conclusion was that there were virtually no homes available to these families.

The blame for this falls squarely on the Administration's economic policies that require a cessation of construction in order to fight inflation.

Unemployment in construction now is about 20 per cent; in residential construction it is 40 per cent. These are skilled people who are unemployed at a time that there is a demonstrated need for housing. Why, then, do we not build houses?

The answer is that this Administration has refused to administer and implement the programs which Congress has enacted.

- HUD has adopted regulations and policies which prevent housing construction for those who need it most;
- HUD has declared a moratorium on the 236 program;
- HUD has declared an end to the urban renewal program;
- HUD has declared an end to the new communities program;
- HUD has delayed processing.

This Administration proposed an alternative for the programs which it unilaterally decided to terminate. The Congress in good faith enacted that alternative. We assumed that if the Administration asked for a program, it would implement it. That was the Section 8 housing program.

But no housing has been built under this program. It took HUD eight months to issue regulations. And the regulations that were issued are written in such a manner that they will discourage all but the most intrepid developers.

Processing time on multi-family housing still takes two years. New construction is prohibited under the program because of the "fair market rent test".

Under this test, the government applies a formula that tells it what the rent would be if the project were not subsidized. This is called the formula market rent. If this formula market rent is higher than the rents being charged in the vicinity, then HUD refuses to insure subsidized mortgages.

Notice that the subsidized rent will be lower than the prevailing market rent; that in most cases the shortage of adequate housing for low income families is so acute that the new subsidized housing could be filled almost immediately and that by the application of a rule which has little relationship to reality, all subsidized housing construction is halted.

It is incredible to me that HUD refuses to use the authority that Congress provided last summer to pay operating deficits for 236 projects. The rise in the price of heating fuel and electricity has forced many residents of subsidized housing to choose between paying rent or paying electricity bills.

No American should have to face a choice between shelter and heat. The rise in operating costs due to increased utility charges has resulted in widespread defaults on mortgages for projects from one end of the country to the other.

HUD ends up as the owner of these properties, at great cost to the taxpaying citizens of this country. Yet it was fully within HUD's power to prevent these defaults by implementing programs that Congress has provided.

We cannot tolerate housing inaction. If we do some of our cities could become like Calcutta where something like 600,000 people sleep in the streets every night.

Let's consider city government.

During the past year the ability of our local governments to provide for the essential needs of the people and to fund vital city functions has been seriously undermined. High unemployment has caused financial chaos in one city after another. And costs of basic city services are increasing at alarming rates.

The Joint Economic Committee recently published a survey of the fiscal position of state and local governments. The surplus which many cities carried into last year has been totally depleted. There was in fact a deficit of approximately \$40 billion.

But since most cities cannot engage in deficit financing, these expenses will be met one way or another -- either by curtailing services or increasing local taxes.

City after city has put a freeze on hiring.

Layoffs have depleted police, fire, sanitation, recreation, and public health departments.

Public services such as immunization clinics, dog catchers and art museums have been closed.

Capital improvements -- city halls, sewage treatment plants, libraries, mental health clinics, prisons, courthouses and schools have been cancelled or postponed.

And urban renewal and downtown development have been halted.

Today in the city of New York there is a financing crisis of unprecedented proportions. It has become literally impossible for that city to borrow from the banks and financial institutions that form the backbone of municipal borrowing under the present system.

The Federal government repeatedly has refused assistance. The difficulties in borrowing are spreading. Other large cities are finding that the doors to the banks are closed to them.

It is clear that this situation cannot continue. Governments should not be consumed by immediate conditions. They must be free to plan for the future when the quality of life in cities will be crucial. More and more people are moving to urban areas all the time.

A few minutes ago I mentioned Calcutta.

Calcutta depends on a sewage system that was constructed 75 years ago to serve 600,000 people. Yet the population it expects by 1985 is 12 million.

Calcutta can't collect its garbage. Special squads are sent out periodically to open the streets. Sewage seeps into cracks in the municipal water supply. Drinking water often is contaminated by salt. Public housing is non-existent. The breakdown of essential services constantly is threatening.

Everywhere the consequences of neglect are felt. Calcutta will reach its day of reckoning long before the great cities of the United States. But the lesson should be clear.

We cannot postpone or ignore our responsibility for making city life civilized. We cannot condone a national government that turns away, that impounds funds, that terminates programs, that vetoes jobs legislation, housing legislation, public works legislation.

We cannot allow a shortage of funds to prevent cities from financing needed projects in housing, environment, school and health care facilities and transportation.

The solution to these problems require leadership. And that leadership must come from the governmental position in which leadership opportunities reside.

When the President of the United States fails to exercise leadership, it becomes difficult for all of us. Leadership is not provided by vetoes nor is it provided by spending money that should have been spent months ago.

I am talking about positive leadership. I am talking about the vision and commitment to say to the bureaucrat in government and to the voter in the neighborhoods that this is what we need to do. This is how we can make our cities and our nation a better place to live. This is what you are making sacrifices for. This is what you are paying taxes for.

Since the Administration has failed to act, the focus of leadership has changed.

There are many of us in Congress who have programs and ideas and commitment. We don't always prevail because it is difficult to deal with constant vetoes. And it is particularly difficult to deal with administrative departments which refuse to administer programs even when they are passed by the Congress and signed by the President.

Nevertheless, we are concerned over how well our governments and how well our cities are run. We will continue to try, to convince, to overcome.

Several years ago I introduced legislation to create a National Domestic Development Bank.

In 1966 there was a tremendous backlog of public facility needs throughout the country. The idea of the Bank was to provide low-cost capital for local governments to finance construction of facilities that would meet these needs. The Bank's operation was patterned on international development banking principles.

The time long has passed for such a Bank to become a reality. It is badly needed today to assist in the development of public facilities and to provide economic base for our cities and towns faced with the decline of public services.

The Bank would be an institution to bring in capital at a time and place where the need is critical.

It would offer long-term loans at low rates of interest.

Representatives of local governments would participate in the operation of its regional offices.

Loans would be available to assist construction of industrial parks, schools, libraries, medical centers, parklands, police and fire stations, comprehensive day care and community service centers.

The list of needed public development has no end. The time has come for positive thinking, for bold action, for imaginative leadership.

It's time to get on with the job at hand.

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Bob Scandin - Du
Larry Cohen STP
Al Hofsted - mpe

REMARKS OF SENATOR HUBERT H. HUMPHREY

Alex Smitka - Rochester

1975 ANNUAL CONFERENCE OF MAYORS

BOSTON, MASSACHUSETTS

JULY 9, 1975

Maya Alinto
Maya White

Moore Sandriem
V.P.

Past Presidents

- Maya Daley
- Henry Meier
- Jack Mattister
of San Leandro

City -
Cafeteria 4th
American scene

I AM PLEASED THAT YOU INVITED ME TO YOUR CONVENTION

THIS YEAR. YOU AND I HAVE A LOT TO THINK ABOUT, AND WE HAVE

A LOT OF TOUGH DECISIONS TO MAKE, AND A LOT OF WORK TO DO.

WE ARE MEETING THIS SUMMER DURING THE MOST critical chaotic ECONOMIC

TIMES OUR NATION HAS FACED SINCE THE 1930's.

L OUR SO-CALLED "OFFICIAL" UNEMPLOYMENT RATE IS OVER 9 PER CENT

NATIONWIDE. BUT IN LARGE INDUSTRIAL CITIES LIKE DETROIT IT

IS CLOSE TO 25 PER CENT; FOR BLACK TEENAGERS IT IS CLOSE TO

50 PER CENT. AND WE HAVE NOT EVEN BEGUN TO COUNT THE

DISILLUSIONED THOUSANDS WHO NO LONGER SEEK WORK THROUGH THE

OFFICIAL EMPLOYMENT AGENCIES AND THUS ARE NOT COUNTED.

Public Works - Commercial Construction

CONSTRUCTION ~~OF~~ ~~PUBLIC AND PRIVATE WORKS~~ AND HOUSING

is in the throes of a recession - yet

~~NEARLY HAS COME TO A HALT.~~ LAST MONTH THE ADMINISTRATION

ANNOUNCED WITH SOME SATISFACTION THAT HOUSING STARTS WERE

UP TO THE SAME LEVEL AS LAST SEPTEMBER. BUT LAST SEPTEMBER

WAS THE LOWEST POINT IN HOUSING STARTS IN 25 YEARS.

Prices PRICES ARE CONTINUING TO RISE, ESPECIALLY OIL, GAS AND
HEATING FUEL. *New price increases on Autos for next yr*

INTEREST RATES REMAIN AT ~~VERY HIGH~~ *exceedingly* HIGH LEVELS -- FOR
BUSINESSES, ~~FOR~~ FAMILIES, AND ~~FOR~~ CITY GOVERNMENTS.

SHORTAGES HAVE DEVELOPED AND WILL CONTINUE IN ESSENTIAL
INDUSTRIAL COMMODITIES BECAUSE WE'VE NOT FACED UP, AS A NATION,
TO THE TRUE COSTS OF OUR WAY OF LIFE.

1960's

THE COMBINED EFFECT OF THESE DISLOCATIONS HAS LEFT *many of*

our CITIES IN DESPERATE STRAITS. / DURING THE 60'S WE LOOKED AT

CITIES AND SOUGHT TO FIND WAYS TO RENEW AND REHABILITATE

HOUSING AND PUBLIC FACILITIES, AND TO ENCOURAGE COMMERCIAL

AND INDUSTRIAL DEVELOPMENT.

and cities began to come alive!

WE PASSED AND IMPLEMENTED A NUMBER OF PROGRAMS THAT WERE
INTENDED TO EASE THE BURDEN OF local GOVERNMENTS CAUGHT IN THE MIDDLE

BETWEEN DECLINING TAX REVENUE AND EVER INCREASING DEMANDS FOR

PUBLIC SERVICES. / WE GOT STARTED ON THESE PROGRAMS AND

WERE BEGINNING TO MAKE SOME HEADWAY.

then (Vietnam)

AND THEN CAME THE NIXON ADMINISTRATION WITH ITS MORATORIUMS,
IMPOUNDMENTS, INACTION, DISSEMBLING AND OBSTRUCTION.

SO INSTEAD OF GETTING BETTER, THINGS BEGAN TO GET WORSE.

TODAY THE DIRECTION IN ~~ALL~~ ^{most} OF OUR CITIES IS NO SECRET TO ANYONE.

AS IF THIS IN ITSELF WEREN'T BAD ENOUGH, WE NOW HAVE THE
ADDED BURDEN OF ~~A DEPRESSED ECONOMY~~ ^{Recession, inflation, + high unemployment}.

I AM THE CHAIRMAN OF THE JOINT ECONOMIC COMMITTEE OF THE
CONGRESS. EVERY MONTH I HEAR OUR LEADING ECONOMISTS TESTIFY
TO THE DECLINE OF OUR PRODUCTION, OUR CONSUMPTION, OUR ECONOMIC
VIGOR. THEY RECOMMEND JOBS, BUDGET DEFICITS, INCREASED SPENDING
ON CAPITAL FORMATION, ALLOCATION OF CREDIT TO AILING SECTORS OF
THE ECONOMY, AND TAX CUTS. (Fiscal, Budget, + Monetary
Policy Coordination) X

BUT THEIR COUNSEL HAS GONE UNHEEDED BY THE EXECUTIVE
BRANCH OF GOVERNMENT. ACCORDING TO THE ADMINISTRATION WE ARE
AT THE BOTTOM OF THE ECONOMIC DECLINE AND SOON WILL BE ON AN
UPWARD TREND. WELL, WE'VE HEARD THAT FOR 6 MONTHS NOW.

The Administ seems to be satisfied with the slowest
Recovery from the worst recession we've had
-5- in 25 yrs - votes for Housing

They say
~~THE BUREAUCRATS IN WASHINGTON SAY~~ WE DON'T

Housing

(1) NEED ASSISTANCE TO THE HOUSING INDUSTRY; AFTER ALL, 15 PER CENT
OF OUR POPULATION STILL CAN AFFORD TO BUY SINGLE FAMILY HOMES.

L THE ADMINISTRATION'S ENERGY PROGRAM -- A PROGRAM OF EVER

(2) HIGHER ENERGY PRICES AND OIL COMPANY PROFITS -- PUSHED CITY

OIL AND NATURAL GAS BUDGETS UP 46 PERCENT IN 1974 ALONE,

By the ~~THE~~ PRESIDENT ~~AND~~ IS SUCCESSFUL IN HIS SCHEME TO DE-CONTROL
THE PRICE OF ALL DOMESTIC OIL, AND HIS TARIFFS ARE RETAINED,

MUNICIPAL ENERGY COSTS WILL BE PUSHED-UP ANOTHER 40 PERCENT IN

1975. L THIS MEANS AN ADDITION OF MORE THAN \$1 BILLION TO THE

OIL AND GAS BILLS OF YOUR CITIES THIS YEAR.

In other words,

L IF THE PRESIDENT HAS HIS WAY, HIS ACTIONS WILL ADD
MORE TO YOUR ENERGY COSTS THIS YEAR THAN THE OPEC NATIONS
ADDED LAST YEAR.

Energy
Costs

It is more economic trouble

THIS IS INCREDIBLE PUBLIC POLICY, ~~AND~~ IT MUST NOT BE
PERMITTED.

[WE ARE THE VICTIMS OF AN ECONOMIC POLICY THAT REDUCES
OUR INCOMES WHILE INCREASING OUR COSTS.] WE GET LESS AND
LESS -- EVEN AFTER PAYING MORE AND MORE.

JUST WHEN PEOPLE ARE MOST IN NEED OF ASSISTANCE, WHEN
CITIES ARE MOST IN NEED OF PRESERVATION AND REHABILITATION,
THE ADMINISTRATION PUTS ON ITS BLINDERS AND SAYS THESE ARE
NOT ~~OUR~~ PROBLEMS *of the Federal Govt.*

BUT THEY ARE OUR PROBLEMS. AND WE'D BETTER START
RECOGNIZING THEM AND DOING SOMETHING ABOUT THEM OR ONE DAY
WE'RE GOING TO WAKE UP AND FIND WE'RE IN REALLY BIG TROUBLE.

*Cities today - the living place - the residence
of the elderly, the poor, the minorities, & the
unemployed - these conditions require*

Federal action

Unemployment

-7-

L LET'S CONSIDER UNEMPLOYMENT. FOR MANY YEARS WE LIVED
WITH THE NOTION THAT A RATE OF 4 PER CENT UNEMPLOYMENT WAS
JUST BEARABLE IN A FREE MARKET ECONOMY. ANYTHING LESS THAN
THAT FIGURE WE WERE TOLD, WOULD BID UP THE PRICE OF LABOR.

L ON THE OTHER HAND, A HIGHER RATE WAS NOT ACCEPTABLE
BECAUSE OF THE WASTE OF RESOURCES AND LOSS OF PRODUCTIVITY IT
WOULD CREATE. THEN, TOO, THE IMPACT OF UNEMPLOYMENT ON
SO MANY INDIVIDUALS AND FAMILIES WOULD BE A TRAUMA FROM WHICH
WE WISHED TO PROTECT AS MANY PEOPLE AS POSSIBLE.

in recent days
L BUT, MORE THAN ONE PERSON IN THIS ADMINISTRATION HAS SAID
THAT 7-8-9% UNEMPLOYMENT IS THE PRICE WE MUST PAY TO curb
INFLATION. ANY PUBLIC OFFICIAL MAKING SUCH A STATEMENT
SHOULD BOW HIS HEAD IN SHAME.

THIS IS A SOCIETY IN WHICH SELF WORTH IS DEFINED BY

THE JOB, BY THE LIFE'S WORK, AND BY THE ADEQUACY WITH WHICH

THE WORK PROVIDES FOR THE WELFARE OF THE WORKER AND HIS FAMILY.

IF A PERSON CANNOT PROVIDE FOR HIS FAMILY, CANNOT FIND A PLACE

IN SOCIETY THAT IS USEFUL AND NECESSARY, THEN HIS ABILITY AND

WILL TO BE A PRODUCTIVE, LAW ABIDING MEMBER OF SOCIETY IS LOST.

AS CHAIRMAN OF THE JOINT ECONOMIC COMMITTEE, A GREAT DEAL

OF MY TIME IS DEVOTED TO THE STUDY OF ECONOMIC INDICATORS.

Crime IN THIS CONNECTION I HAVE BEEN STRUCK BY ONE UNMISTAKEABLE

OBSERVATION -- INCREASES IN CRIME ARE DIRECTLY RELATED TO

INCREASES IN UNEMPLOYMENT.

THE STATE OF MICHIGAN WAS THE FIRST TO RECORD INCREASES

IN PRISON POPULATION. IT IS NO COINCIDENCE THAT THIS ALSO

WAS THE FIRST STATE TO BE HARD HIT BY DRASTIC UNEMPLOYMENT.

L IT WAS REPORTED THAT CRIME IN DETROIT WAS UP 27.3 PER CENT

IN JANUARY OVER A YEAR AGO.

2 UNEMPLOYMENT ALSO MAKES FAMILY LIFE INCREDIBLY DIFFICULT.

UNEMPLOYED PEOPLE ARE UNDER GREAT STRESS. DESPITE THEIR EFFORTS,

THEY CANNOT PROVIDE FOR THEIR CHILDREN OR BRING THEM UP IN A

HEALTHY WAY.

L THE BAD FEELINGS AND INADEQUACIES ARISING FROM HAVING

NO JOB ARE TAKEN OUT ON CHILDREN AND WIVES. L IT IS FROM FAMILIES

UNDER STRESS THAT THE CHILDREN COME WHO, TIME AFTER TIME,

APPEAR IN THE CRIMINAL JUSTICE SYSTEM; WHO SHOW NO REMORSE FOR

THEIR ACTIONS AND WHO BLAME THEIR VICTIMS FOR THE SAVAGERY OF

THEIR OWN CRIMES.

unemployment - 6-7-8%

unemploy - crime

-10-

Unemp - waste
Cost of Recession

UNEMPLOYMENT IS MUCH MORE THAN A LOSS OF INCOME

It is

MUCH MORE THAN AN INCREASE IN PUBLIC COSTS OF WELFARE.

It is

MUCH MORE THAN AN INCREASE IN PUBLIC COSTS OF LAW ENFORCEMENT

AND CRIMINAL JUSTICE.

It is a condition WHICH UNDERMINES THE BASIC PURPOSES OF

OUR SOCIETY -- "LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS."

It is Politically, Economically, Morally unacceptable!
~~WE CANNOT TOLERATE CONTINUED HIGH UNEMPLOYMENT IN THIS COUNTRY.~~

Housing

LET'S CONSIDER HOUSING.

HOUSING IS A BASIC COMMODITY. A SOCIETY IS JUDGED BY

THE ADEQUACY OF THE HOMES IT PROVIDES FOR ITS CITIZENS. AND

BY THIS MEASURE WE IN THE UNITED STATES HAVE MADE A SORRY

RECORD IN THE LAST FEW YEARS.

L THE JOINT ECONOMIC COMMITTEE ASKED THE LIBRARY OF CONGRESS
TO STUDY THE AVAILABILITY OF HOMES FOR MIDDLE INCOME FAMILIES.

L ITS DISTRESSING CONCLUSION WAS THAT THERE WERE VIRTUALLY NO
HOMES AVAILABLE TO THESE FAMILIES.

L THE BLAME FOR THIS FALLS SQUARELY ON THE ADMINISTRATION'S
ECONOMIC POLICIES THAT REQUIRE A CESSATION OF CONSTRUCTION IN
ORDER TO FIGHT INFLATION.

L UNEMPLOYMENT ^{all} IN CONSTRUCTION NOW IS ABOUT 20 PER CENT;
IN RESIDENTIAL CONSTRUCTION IT IS 40 PER CENT. L THESE ARE

SKILLED PEOPLE WHO ARE UNEMPLOYED AT A TIME THAT THERE IS A
DEMONSTRATED NEED FOR HOUSING, WHY, THEN, DO WE NOT BUILD
HOUSES?

L THE ANSWER ^{in part} IS THAT THIS ADMINISTRATION HAS REFUSED TO
ADMINISTER AND IMPLEMENT THE PROGRAMS WHICH CONGRESS HAS ENACTED.

-- HUD HAS ADOPTED REGULATIONS AND POLICIES WHICH
PREVENT HOUSING CONSTRUCTION FOR THOSE WHO NEED

IT MOST;

-- HUD HAS DECLARED A MORATORIUM ON THE 236 PROGRAM;

-- HUD HAS DECLARED AN END TO THE URBAN RENEWAL PROGRAM;

-- HUD HAS DECLARED AN END TO THE NEW COMMUNITIES

PROGRAM;

-- HUD HAS DELAYED PROCESSING *of Housing programs*

↳ THIS ADMINISTRATION PROPOSED AN ALTERNATIVE FOR THE
PROGRAMS WHICH IT UNILATERALLY DECIDED TO TERMINATE ↳ THE
CONGRESS IN GOOD FAITH ENACTED THAT ALTERNATIVE ↳ WE ASSUMED
THAT IF THE ADMINISTRATION ASKED FOR A PROGRAM, IT WOULD
IMPLEMENT IT. ↳ THAT WAS THE SECTION 8 HOUSING PROGRAM.

L BUT NO HOUSING HAS BEEN BUILT UNDER THIS PROGRAM.

IT TOOK HUD EIGHT MONTHS TO ISSUE REGULATIONS. AND THE

REGULATIONS THAT WERE ISSUED ARE WRITTEN IN SUCH A MANNER

THAT THEY WILL DISCOURAGE ALL BUT THE MOST INTREPID

DEVELOPERS.

L PROCESSING TIME ON MULTI-FAMILY HOUSING STILL TAKES

TWO YEARS. NEW CONSTRUCTION IS PROHIBITED UNDER THE PROGRAM

BECAUSE OF THE SO-CALLED "FAIR MARKET RENT TEST".

L IT IS INCREDIBLE TO ME THAT HUD REFUSES TO USE THE

AUTHORITY THAT CONGRESS PROVIDED LAST SUMMER TO PAY OPERATING

DEFICITS FOR 236 PROJECTS. THE RISE IN THE PRICE OF HEATING

FUEL AND ELECTRICITY HAS FORCED MANY RESIDENTS OF SUBSIDIZED

HOUSING TO CHOOSE BETWEEN PAYING RENT OR PAYING ELECTRICITY

BILLS.

L No AMERICAN SHOULD HAVE TO FACE A CHOICE BETWEEN
SHELTER AND HEAT. / THE RISE IN OPERATING COSTS DUE TO
INCREASED UTILITY CHARGES HAS RESULTED IN WIDESPREAD DEFAULTS
ON MORTGAGES FOR PROJECTS FROM ONE END OF THE COUNTRY TO
THE OTHER.

L HUD ENDS UP AS THE OWNER OF THESE PROPERTIES, AT GREAT
COST TO THE TAXPAYING CITIZENS OF THIS COUNTRY. / YET IT WAS
FULLY WITHIN HUD'S POWER TO PREVENT THESE DEFAULTS BY
IMPLEMENTING PROGRAMS THAT CONGRESS HAS PROVIDED.

L WE CANNOT TOLERATE HOUSING INACTION.

WALL LET'S CONSIDER CITY GOVERNMENT

Housing Bank

What's happening!
Well Who knows better than you?

DURING THE PAST YEAR THE ABILITY OF OUR LOCAL
GOVERNMENTS TO PROVIDE FOR THE ESSENTIAL NEEDS OF THE
PEOPLE AND TO FUND VITAL CITY FUNCTIONS HAS BEEN SERIOUSLY
UNDERMINED. HIGH UNEMPLOYMENT HAS CAUSED FINANCIAL CHAOS
IN ONE CITY AFTER ANOTHER. AND COSTS OF BASIC CITY
SERVICES ARE INCREASING AT ALARMING RATES.

THE JOINT ECONOMIC COMMITTEE RECENTLY PUBLISHED A
SURVEY OF THE FISCAL POSITION OF STATE AND LOCAL GOVERNMENTS.

THE SURPLUS WHICH MANY CITIES CARRIED INTO LAST YEAR HAS
BEEN TOTALLY DEPLETED. THERE WAS IN FACT A DEFICIT OF
APPROXIMATELY \$40 BILLION.

L BUT SINCE MOST CITIES CANNOT ENGAGE IN DEFICIT

FINANCING, THESE EXPENSES WILL BE MET ONE WAY OR

ANOTHER -- EITHER BY CURTAILING SERVICES OR INCREASING

LOCAL TAXES or BOTH

L CITY AFTER CITY HAS PUT A FREEZE ON HIRING.

L LAYOFFS HAVE DEPLETED POLICE, FIRE, SANITATION,

RECREATION, AND PUBLIC HEALTH DEPARTMENTS.

L PUBLIC SERVICES SUCH AS IMMUNIZATION CLINICS, Recreation

Facilities CATCHERS AND ART MUSEUMS HAVE BEEN CLOSED.

L CAPITAL IMPROVEMENTS -- CITY HALLS, SEWAGE TREATMENT

PLANTS, LIBRARIES, MENTAL HEALTH CLINICS, PRISONS, COURTHOUSES

AND SCHOOLS HAVE BEEN CANCELLED OR POSTPONED.

AND URBAN RENEWAL AND DOWNTOWN DEVELOPMENT HAVE BEEN
HALTED *in City after City.*

TODAY IN THE CITY OF NEW YORK THERE IS *facing a* ~~FINANCIAL~~
CRISIS OF UNPRECEDENTED PROPORTIONS. IT HAS BECOME LITERALLY
IMPOSSIBLE FOR THAT CITY TO BORROW FROM THE BANKS AND FINANCIAL
INSTITUTIONS THAT FORM THE BACKBONE OF MUNICIPAL BORROWING UNDER
THE PRESENT SYSTEM.

THE FEDERAL GOVERNMENT REPEATEDLY HAS REFUSED ASSISTANCE.
THE DIFFICULTIES IN BORROWING ARE SPREADING OTHER LARGE CITIES
ARE FINDING THAT THE DOORS TO THE BANKS ARE CLOSED TO THEM.

IT IS CLEAR THAT THIS SITUATION CANNOT CONTINUE.

GOVERNMENTS SHOULD NOT BE CONSUMED BY IMMEDIATE CONDITIONS *over*
which they have no control.

Federalism

-18-

THEY MUST BE FREE TO PLAN FOR THE FUTURE WHEN THE QUALITY OF

LIFE IN CITIES WILL BE CRUCIAL. MORE AND MORE PEOPLE ARE MOVING

TO URBAN AREAS ALL THE TIME.

WE CANNOT POSTPONE OR IGNORE OUR RESPONSIBILITY FOR ^{aiding}

the American City. Federalism is a Partnership that means
MAKING CITY LIFE CIVILIZED. WE CANNOT CONDONE A NATIONAL GOVERNMENT
working together - sharing and helping -

THAT TURNS AWAY, THAT IMPOUNDS FUNDS, THAT TERMINATES PROGRAMS,

THAT VETOES JOBS LEGISLATION, HOUSING ^{Programs} ~~LEGISLATION~~, PUBLIC WORKS

~~LEGISLATION.~~
Projects.

WE CANNOT ALLOW A SHORTAGE OF FUNDS TO PREVENT CITIES FROM

FINANCING NEEDED PROJECTS IN HOUSING, ENVIRONMENT, SCHOOL AND

HEALTH CARE FACILITIES AND TRANSPORTATION.

"WE the People" - *well most of them live*
in our cities -

*form a more perfect union, establish Justice, assure
domestic Tranquility, provide for the common defense,
promote the general Welfare, secure the blessing of Liberty*

Leadership - White House

THE SOLUTION TO THESE PROBLEMS REQUIRES LEADERSHIP. AND

THAT LEADERSHIP MUST COME FROM THE GOVERNMENTAL POSITION IN

a Call to Action
WHICH LEADERSHIP OPPORTUNITIES RESIDE -- ~~THE OFFICE OF THE~~
~~PRESIDENT OF THE UNITED STATES.~~

WHEN THE PRESIDENT OF THE UNITED STATES FAILS TO EXERCISE
and
LEADERSHIP, IT BECOMES DIFFICULT FOR ALL OF US. LEADERSHIP IS
RELUCTANTLY
NOT PROVIDED BY VETOES NOR IS IT PROVIDED BY SPENDING MONEY THAT
SHOULD HAVE BEEN SPENT MONTHS AGO.

I I AM TALKING ABOUT POSITIVE LEADERSHIP. *I* I AM TALKING ABOUT
THE VISION AND COMMITMENT TO SAY TO THE BUREAUCRAT IN GOVERNMENT
AND TO THE VOTER IN THE NEIGHBORHOODS THAT THIS IS WHAT WE NEED
TO DO. THIS IS HOW WE CAN MAKE OUR CITIES AND OUR NATION A
BETTER PLACE TO LIVE. THIS IS WHAT YOU ARE MAKING SACRIFICES
FOR. THIS IS WHAT YOU ARE PAYING TAXES FOR.

✓ SINCE THE ADMINISTRATION HAS FAILED TO ACT, THE FOCUS OF
LEADERSHIP HAS CHANGED.

✓ THERE ARE MANY OF US IN CONGRESS WHO HAVE PROGRAMS AND
IDEAS AND COMMITMENT. WE DON'T ALWAYS PREVAIL BECAUSE IT IS
DIFFICULT TO DEAL WITH CONSTANT VETOES. ✓ AND IT IS PARTICULARLY
DIFFICULT TO DEAL WITH ADMINISTRATIVE DEPARTMENTS WHICH REFUSE
TO ADMINISTER PROGRAMS EVEN WHEN THEY ARE PASSED BY THE CONGRESS
AND SIGNED BY THE PRESIDENT.

NEVERTHELESS, WE ARE CONCERNED OVER HOW WELL OUR GOVERNMENTS
AND HOW WELL OUR CITIES ARE RUN. WE WILL CONTINUE TO TRY, TO
CONVINCE, TO OVERCOME,

✓ I AM ^{pleased} ~~delighted~~ THAT THE U.S. CONFERENCE OF MAYORS HAS
~~the muskie Humphrey bill~~
ENDORSED ~~LEGISLATION~~ THAT WILL PROVIDE COUNTER-CYCLICAL ANTI-
RECESSION AID TO CITIES THAT HAVE SEVERE UNEMPLOYMENT PROBLEMS.

THIS LEGISLATION, INTRODUCED IN APRIL BY SENATOR

Muskie Humphrey

MUSKIE AND MYSELF, WILL PARTIALLY INSULATE CITY BUDGETS

FROM THE DEVASTATING IMPACT OF RECESSION,

IT WILL PROVIDE EMERGENCY FINANCIAL SUPPORT TO CITIES

WHICH, THROUGH LITTLE FAULT OF THEIR OWN, ARE BEARING AN

EXCESSIVE SHARE OF THE BURDEN OF RECESSION.

FOOA - unemployed
elderly
minors

THIS PROGRAM IS NOT, AS SOME MAINTAIN, A BAILOUT OR

A HANDOUT. IT SIMPLY RECOGNIZES THE FACT THAT FINANCIALLY

TROUBLED CITIES, LIKE THE UNEMPLOYED, ARE THE VICTIMS, NOT

THE CAUSES OF OUR CURRENT ECONOMIC PROBLEMS.

NOR IS THIS PROGRAM, AS OTHERS SUGGEST, A LICENSE FOR

FISCAL MISMANAGEMENT. IT PROVIDES ONLY \$2 BILLION IN ASSISTANCE,

A MERE 25 PERCENT OF THE TAX INCREASES AND EXPENDITURE

CUTBACKS THAT CITIES AND STATES WILL UNDERTAKE THIS YEAR.

(Look at what Mayors - Other Lawmen to Rehab cities)

Act of Nature - Disaster - Federal Disaster Assistance Act

L IT DOESN'T ELIMINATE THE NECESSITY OF SOUND FINANCIAL

MANAGEMENT, IT SIMPLY MAKES SOUND CITY MANAGEMENT FEASIBLE

BY REPAIRING SOME OF THE DEVASTATION CAUSED BY RECESSION.

Disaster Assistance

L ESSENTIALLY, THE LEGISLATION THAT WE HAVE INTRODUCED

PROVIDES THE SAME UNEMPLOYMENT PROTECTION TO CITIES THAT

UNEMPLOYED PERSONS ALREADY RECEIVE THROUGH UNEMPLOYMENT

COMPENSATION.

L COUNTER-CYCLICAL AID TO CITIES IS A NEW IDEA AND

CAN BE AN INNOVATIVE TOOL IN OUR RECESSION REPAIR KIT.

L IT WAS FIRST DISCUSSED IN A REPORT OF THE JOINT ECONOMIC

COMMITTEE, ~~A COMMITTEE THAT I CHAIR~~ IN DECEMBER OF 1974.

AS YOU WILL RECALL, AT THAT TIME THE NATION WAS ALL AGOG ABOUT
INFLATION AND THE ADMINISTRATION WAS STILL CLINGING TO ITS TAX
INCREASE PROPOSALS. BUT YOU AND I KNEW THEN, AS WE KNOW TODAY,
THAT INFLATION WAS NOT THE ONLY ECONOMIC PROBLEM OUR NATION
FACED. THE JOINT ECONOMIC COMMITTEE ANTICIPATED THE RECESSION
AND PROPOSED A COMPREHENSIVE ANTI-RECESSION PROGRAM THAT HAD AS
AN INTEGRAL COMPONENT, WHAT WE CALLED ANTI-RECESSION GRANTS
TO CITIES.

WELL, THE IDEA HAS COME A LONG WAY IN JUST SIX ~~a year~~
SHORT MONTHS. A CONCRETE LEGISLATIVE PROPOSAL WAS
INTRODUCED BY SENATOR MUSKIE AND I IN APRIL. IN EARLY JUNE,
THE LEGISLATION PASSED THE SENATE INTERGOVERNMENTAL
RELATIONS SUBCOMMITTEE BY A 5 TO 2 VOTE.

WE EXPECT THAT IT WILL PASS THE FULL SENATE GOVERNMENT

OPERATIONS COMMITTEE TODAY AND BE SENT TO THE ~~HOUSE~~ ^{Senate} ~~THE SENATE~~

ON THE SENATE ~~FLOOR~~, WE HOPE TO COMBINE OUR

COUNTER-CYCLICAL GRANTS BILL WITH THE ACCELERATED PUBLIC

^{Program} WORKS ~~LEGISLATION~~ INTO LEGISLATION WHICH HOPEFULLY, WITH

YOUR HELP WILL GENERATE SUFFICIENT SUPPORT TO OVERRIDE

A PROBABLE VETO. IT IS OUR JUDGEMENT THAT THIS

COMPREHENSIVE RECOVERY PROGRAM FOR CITIES, COMBINING

EMERGENCY FINANCIAL ASSISTANCE WITH ACCELERATED PUBLIC

WORKS DEVELOPMENT, WILL GENERATE THE BROADEST POLITICAL

SUPPORT IN THE CONGRESS AND PROVIDE THE MOST MEANINGFUL

ECONOMIC SUPPORT FOR OUR CITIES. WE MUST HAVE YOUR ACTIVE

SUPPORT FOR THIS CRUCIAL ANTI-RECESSION LEGISLATION,

Gen'l Revenue Sharing -

-25-

AT THE SAME TIME, I WANT TO MAKE IT CLEAR THAT THIS

PROGRAM DOES NOT REDUCE THE NEED FOR CONTINUATION OF OUR

GENERAL REVENUE SHARING PROGRAM, AND, I MIGHT ADD THAT

THE COUNTER-CYCLICAL ASSISTANCE ACT IS NO THREAT TO

GENERAL REVENUE SHARING.

IN FACT, BOTH HOUSES OF CONGRESS PASSED A BUDGET

RESOLUTION THIS YEAR WHICH INCLUDED SEPARATE FUNDING FOR

EACH OF THESE IMPORTANT PROGRAMS.

WE NEED THE EMERGENCY ANTI-RECESSION PROGRAM NOW.

IT WILL NOT HURT YOUR CHANCES FOR GENERAL REVENUE SHARING.

THE ONLY CONFUSION ON THIS APPEARS TO BE COMING

FROM THE OTHER END OF PENNSYLVANIA AVENUE.

WE NEED BOTH PROGRAMS, WITH YOUR SUPPORT WE CAN
HAVE BOTH, I URGE YOU NOT TO LET ANYBODY TALK YOU OUT OF
DEMANDING WHAT YOU MUST HAVE,

AS I SAID BEFORE, OUR CITIES ARE THE VICTIMS AND NOT
THE CAUSE OF RECESSION, YOUR CITIES' BUDGETS ARE NOT

IN TROUBLE TODAY BECAUSE YOU WENT ON A SPENDING BINGE -- NOT

AT ALL! YOUR CITIES' FINANCIAL DIFFICULTIES ARE ~~THE DIRECT~~ *in a large*

mainly the
RESULT OF THE FAILURE OF NATIONAL ECONOMIC POLICY TO

MAINTAIN ECONOMIC GROWTH,

THE URBAN FISCAL CRISIS WAS CREATED IN WASHINGTON
AND IT MUST ASSUME SOME RESPONSIBILITY IN FINDING A
SOLUTION.

Budget Deficit - People Afraid! Fiscal Discipline ~~Yes~~

IT IS TIME WE FACED THE FACT THAT THE FEDERAL BUDGET
DEFICIT IS GOING TO ~~HAVE TO BE LARGER THAN WE WANT IN THE~~

~~SHORT-RUN, IF WE ARE TO HAVE BALANCED BUDGETS IN THE~~

~~LONG-RUN.~~

THE BEST CURE FOR OUR BUDGET DEFICIT IS AN AGGRESSIVE
ECONOMIC RECOVERY PROGRAM WITH A RAPID REDUCTION IN UNEMPLOYMENT.

THIS IS THE WAY TO BALANCE CITY BUDGETS AND FAMILY BUDGETS
AS WELL.

I AM SICK AND TIRED OF THE VETOES, THE DEFEATISM, THE
FAINT-HEARTEDNESS THAT PERVADES WASHINGTON TODAY. CERTAINLY

THERE ARE SERIOUS LIMITS ON WHAT GOVERNMENT CAN DO. WE HAVE

LEARNED THAT IMPROVING OUR SOCIETY IS A LONG AND DIFFICULT JOB.

BUT GOVERNMENT ACTION DOES MATTER, WHETHER WE LIKE IT OR NOT,

AND IT CAN MAKE THINGS "BETTER" FOR OUR PEOPLE.

Today's problems require some leadership, some
creativity, some courage, some of the grit that has
made America so great,

I know America, it's pioneering spirit is alive
and well. But we must all play our part as leaders in
setting this creative force free,

Our cities -- Can. Should
be the jewels in the
American
Our cities do and must
represent the Best in us.
Our cities - Pluralism - the
Test of our Democracy



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